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89-6 RESPONSE TO "TRANSITIONS", THE REPORT OF THE SOCIAL ASSISTANCE REVIEW COMMITTEE

THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO
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ASSOCIATION OF MUNICIPALITIES OF ONTARIO

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The Association acts as the collective voice of Ontario's municipal governments and is organized to accomplish through cooperation and coordination, what the majority have neither the time nor the resources to do individually.

The Association represents some seven hundred (700) municipal governments throughout Ontario. The governing body is composed of some eighty (80) municipal elected and appointed officials, who in turn represent a wide-range of municipal government interests.

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RESPONSE TO "TRANSITIONS", THE REPORT OF THE SOCIAL ASSISTANCE REVIEW COMMITTEE

TABLE OF CONTENTS

EXECUTIVE SUMMARY	i
INTRODUCTION	1
STRUCTURE OF THIS PAPER	1
INTEGRATION OF SOCIAL ASSISTANCE	2
SARC Findings	2
AMO Position	3
ELIGIBILITY	5
SARC Findings	5
AMO Position	6
OPPORTUNITY PLANNING	7
SARC Findings	7
AMO Position	7
RATES	9
SARC Findings	9
AMO Position	9
COST-SHARING ARRANGEMENTS	10
SARC Findings	10
AMO Position	12
IMPLEMENTATION	15
SARC Findings	15
AMO Position	15
CONCLUSIONS	17
SUMMARY OF AMO RECOMMENDATIONS	19
APPENDIX A - SUMMARY OF SARC RECOMMENDATIONS REFERRED TO IN THIS REPORT	22
APPENDIX B - MINORITY REPORT	26
ACKNOWLEDGEMENTS	27

The Association's official response to the Report of the Social Assistance Review Committee was submitted to the Honourable John Sweeney, Minister of Community and Social Services, and the Honourable John Eakins, Minister of Municipal Affairs, on June 13, 1989.

EXECUTIVE SUMMARY

The SARC report represents a commendable effort to re-consider the current system of social assistance in Ontario and to develop recommendations for its comprehensive reform. The current two-tier system costs over $2 billion to operate. It is clearly a system which is unnecessarily complex, cumbersome and inequitable. The SARC assembled a carefully designed network of recommendations which, when implemented in concert with other recommendations, will move towards a more equitable and effective social assistance program.

While the Association may agree with the general thrust of the SARC report, complete endorsement cannot be given until funding for these reforms is made explicit. The Association acknowledges that certain funding issues, such as cost-sharing arrangements, have been referred to the Provincial-Municipal Social Services Review Committee. With the recent uncertainty surrounding provincial-municipal financial relations, the Association's concern regarding the financing of the SARC reforms is even more acute.

The SARC has stated clearly that the financial responsibility for allowances and benefits should be assumed by senior levels of government (Recommendation 197). According to the SARC's implementation schedule, this transfer does not take place until Stage Three. The Association has serious concerns that municipalities will be forced to continue under existing cost-sharing arrangements for allowances and benefits which the SARC has identified as being inequitable and inappropriate. AMO supports SARC Recommendation 197 and recommends that all program costs, including the cost of administration, be funded by sources of revenue available to the provincial and federal governments, rather than by the municipal property tax base.

On May 18, 1989, as part of the budget process, the Minister of Community and Social Services announced a number of measures designed to address certain aspects of the SARC recommendations. Although the Association is pleased to see that the provincial government has taken some positive action with regards to the SARC report, AMO is greatly concerned that the provincial budget process did not include any discussion of municipal cost for social assistance improvements or move toward adopting SARC Recommendation 197. At the time of publishing this report, the Association has been unable to fully assess the impacts of these developments on its membership.

Until basic roles and responsibilities between the province and municipalities are sorted out, many of the SARC recommendations cannot be implemented.

INTRODUCTION

On September 6, 1988, the report of the Social Assistance Review Committee (SARC) was released. The Committee was originally established in 1986 to undertake a public review of the social assistance system in the Province. The SARC Report, entitled "Transitions", presents 274 recommendations for reform.

The Association felt it important to carefully review the SARC report, since many municipalities across the province are currently involved in delivering social assistance. The SARC Report is an important and far-reaching document and many of its recommendations have wide-ranging implications for the way that social assistance is designed and delivered in Ontario. Many of the SARC recommendations will have a direct impact on municipalities. It is therefore relevant to determine to what extent the recommendations of AMO, as presented to the SARC in AMO's Report 87-5, "The Future of Social Assistance in Ontario: Report to the Social Assistance Review Committee", have been reflected in the final SARC recommendations.

It must be stressed, however, that while the Association may agree with the general thrust of the SARC report, complete endorsement cannot be given until funding for these reforms is made explicit. The Association acknowledges that certain funding issues, such as cost-sharing arrangements, have been referred to the Provincial-Municipal Social Services Review Committee. These issues are discussed in further detail in the sections entitled "Cost-Sharing Arrangements" and "Implementation". Until some of the fundamental financing issues are resolved, the Association must reserve its support for the Transitions report.

Recommendation 1

The Association recommends that cost-sharing arrangements and funding for the SARC reforms must be resolved before any major SARC reform is undertaken.

STRUCTURE OF THIS PAPER

This report will examine the major areas of reform proposed by the SARC and assess them in light of AMO's stated positions. AMO examined the following topics:

- integration of social assistance
- eligibility
- opportunity planning
- rates
- cost-sharing arrangements
- implementation.

For each topic, the report summarizes the thrust of the SARC recommendations and presents the corresponding AMO position, noting where agreement or disagreement with the SARC recommendations exists. In many areas, the Association has already promoted the types of improvements to the social assistance system put forward by the SARC (for example, refer to AMO Report 87-5, "The Future of Social Assistance in Ontario: Report to the Social Assistance Review Committee", or AMO Report 88-6, "Pressures on the Partnership: Response to the Provincial-Municipal Social Services Review Discussion Paper"). The report includes a number of recommendations to the province. For ease of reference, Appendix A provides a listing of SARC recommendations which are referred to in this report.

INTEGRATION OF SOCIAL ASSISTANCE

SARC Findings

Currently, the Province administers assistance through the Family Benefits Act (FBA). Municipalities administer social assistance through the General Welfare Assistance Act (GWA). Both programs provide allowances, benefits, additional funds for an emergency basis, and a variety of employment support programs.

The major distinction between FBA and GWA is the length of time the recipient is expected to need assistance. GWA is available to recipients in need on a short-term basis, whereas FBA benefits are intended to provide longer-term support to clients such as sole support parents with dependent children, permanently unemployable persons and disabled persons.

The fundamental objective which guided the reforms proposed by SARC was that social assistance should "ensure that individuals are able to make the transition from dependence to autonomy, and from exclusion on the margins of society to integration within the mainstream of community life". In order to achieve this objective, the Committee felt the social assistance system should focus on meeting needs of recipients, rather than judging on the basis of long and short-term help. Through its consultations, the SARC found widespread consensus that the current two-tier structure is unnecessarily complex, confusing and inequitable.

A significant recommendation of the SARC with a potential major impact on municipalities is that the current two-tier social assistance program be consolidated:

> The Family Benefits Act and the General Welfare Assistance Act should be merged into one piece of legislation, with one benefit structure that covers all social assistance recipients. (Recommendation 1)

The Committee recommended further that eligibility classifications be simplified considerably (Recommendation 9).

The SARC also found that "social assistance is a provincial responsibility, but in the existing system, the province does not exercise its authority sufficiently" (SARC Summary, p. 72). It found that policy guidelines do not provide sufficient direction and rules are poorly monitored and enforced. To address this issue, the Committee stated that:

> The province should assume full responsibility for defining the essential elements of the social assistance program, establishing standards of delivery, and ensuring that those standards are met. (Recommendation 182)

The SARC recommendations also addressed the delivery of social assistance. Currently there are variations in the way social assistance is delivered, which reflect the current two-tier administrative structure. FBA is generally delivered by the province through local offices of the Ministry of Community and Social Services. In Southern Ontario, GWA is delivered by municipalities, which can be regional, county, township or city, depending on the specific location. Eight municipalities are currently delivering GWA and FBA to sole support parents in integration pilot studies. In Northern Ontario, GWA is delivered through a number of means, ranging from a city office, a District Welfare Administration Board to a provincial office in areas where no organized municipal structure currently exists.

The SARC found that this variation adds to the confusion for social assistance recipients. Therefore the SARC recommended that the province deliver the new integrated assistance program where necessary and delegate delivery of social assistance to local government providing certain criteria were met (Recommendation 185). These criteria include acceptance of all elements of the new system, a municipal structure of viable size, demonstrated capabilities in administration and financial management, and a proven capacity to work with other government and private agencies.

AMO Position

The Association supports the conclusions drawn by the SARC about the need for an integrated system of social assistance, fully funded by the province. In AMO Report 87-5, "The Future of Social Assistance in Ontario: Report to the Social Assistance Review Committee", the Association stated clearly its support for an integrated program. The Association agrees that the existing two-tier system is inefficient in its administration and does not provide the most effective service to its recipients. Clients' needs do not correspond to their benefits system and separate administrations exist to serve many of the same clients. Therefore, AMO supports the recommendation to replace the General Welfare Assistance Act and the Family Benefits Act with a single piece of legislation and accompanying regulations (AMO Report 87-5, Recommendation 2:1). The Association also urges that eligibility classifications be simplified.

Recommendation 2

The Association reiterates its recommendation that the General Welfare Assistance Act and the Family Benefits Act be replaced with a single piece of legislation.

AMO supports a single delivery system which works toward the objective of simplification and improvement of services to clients (AMO Report 87-5, Recommendation 4:1). The Association believes that the best interests of clients can be met if the whole system is municipally-delivered, rather than provincially-delivered. The upper-tier municipality could be responsible for delivery, where such a structure exists. A different delivery model would have to be developed for those areas where such a structure was not present, for example in Northern Ontario. Delivery of social assistance, in any case, should be at the option of the municipality.

The SARC report proposes a system where it is up to the individual municipality to "opt in" to municipal delivery of social assistance by demonstrating to the province that it can meet the established criteria for delivery. Since the criteria are not fully explained or defined, the Association is not able at this stage to make a final assessment of the criteria for delivery. However, the Association has some concerns about the proposed criteria for delivery. For example, one criterion is municipal "acceptance of all elements of the new social assistance program". Does this require acceptance of all 274 SARC recommendations or acceptance of the general thrusts of the SARC reforms? Since social assistance would likely be delivered by both municipalities and the province, would the province also be required to meet this criterion? AMO is also concerned about the second criterion, which requires a municipality to develop an annual service plan to be reviewed by the province. It is unclear what would be entailed in such a plan. The Association believes that a program service contract, with responsibilities explicitly defined, would be worthy of consideration. In a program service contract, the municipality would commit to certain service levels and the province would commit to certain funding levels. This could be a more appropriate mechanism for service delivery than an annual service plan.

These types of issues deserve further consideration. If this model of delivery is to be successful, the Association feels it is important that municipalities, as partners in delivery, merit greater involvement in establishing criteria for delivery. The definition of "essential elements" of social assistance and any criteria for delivery should be established jointly through a provincial-municipal process. The municipality wishing to deliver social assistance would then have to meet the criteria which had been jointly established.

Recommendation 3

The Association recommends that definition of the essential elements of social assistance and criteria for municipal delivery of social assistance be developed through a joint provincial-municipal consultation process.

ELIGIBILITY

SARC Findings

The SARC recommends considerable simplification in the classification which determine eligibility for social assistance. In Recommendation 9, the Committee recommends that, in the short term, there should be three categories of eligibility:

- handicapped persons
- people in need who must respond to an offer of opportunity planning
- people in need who are encouraged but not required to respond to an offer of opportunity planning (e.g. sole-support parents, elderly, temporarily unemployable).

The Committee also recommends that a new definition of "handicapped person" as someone who has an impairment (loss or abnormality) and a disability (inability to perform roles) be adopted (Recommendation 10).

The SARC makes a number of recommendations regarding financial responsibility for recipients with disabilities to be implemented in the short term. These are discussed in the section entitled "Cost-Sharing Arrangements".

In the long term, the Committee envisions a number of critical reforms which would address the disabled, children and the working poor. The Committee proposes a disability income program, which it envisions as a form of national insurance program for the disabled. Recognizing that 37% of all recipients of social assistance are under the age of 18, the Committee proposes a children's benefit, which could be delivered as a refundable tax credit through the income tax system. The third major reform proposed by the SARC is a system of income supplementation for the working poor. If these three reforms are implemented, the Committee expects a number of inequities in the current system to be removed and the number of persons needing social assistance to be reduced significantly.

AMO Position

AMO supports the recommendations of the SARC which would serve to simplify the existing multitude of eligibility classifications. The Association, in its report to the SARC, recommended "job-ready" and "not job-ready" classifications as a planning guideline for the provision of employment-supporting social services, skills training and job creation programs. The classifications proposed by the SARC would be in agreement with AMO's recommendations.

The Association is encouraged that the SARC recommends that disabled persons should be assisted through a separate provincial program rather than through social assistance. Many of the services required by these recipients require more extensive health care and social services, such as supportive housing, health aids, home nurses, etc., which are more appropriately delivered by the province. These clients would be ill-served by being placed on a social assistance system which is geared strictly toward meeting income and employment deficiencies. In its submission to the Committee, the Association recommended that clients who, through a combination of social and health disabilities, are permanently unemployable should be placed on a provincial "pension" program. AMO further recommended that such a program be responsible for all financial, health and social service requirements of these clients and be developed by the province, in consultation with AMO (AMO Report 87-5, Recommendation 3:16). The Association feels it is important that disabled persons have access to opportunity planning and be encouraged to participate in the work force.

The fact that economic disincentives inherent in the current social assistance system dissuade certain recipients from obtaining employment has been recognized by the Association. AMO has stated that "social assistance must be extended considerably to the working poor to supplement the incomes of those families with employment and other income below the minimum allowance established for the recipient group (i.e. family size)" (AMO Report 87-5, p. 28). The Association would support the efforts of the SARC to develop an allowance structure which provides economic incentives to work. A separate children's benefit funded by the provincial and federal governments appears to have some merit. Delivering a children's benefit through the tax system as a refundable tax credit may prove problematic, however. Perhaps a more timely method of payments, modelled after the seniors supplement program, would be an alternative worthy of further consideration.

Recommendation 4

The Association supports the recommendations of the SARC to simplify the classification structure which determines eligibility for social assistance.

OPPORTUNITY PLANNING

SARC Findings

The SARC recommends that the new social assistance system be divided into two distinct functions: income maintenance and opportunity planning. (Recommendations 71-75). The Committee envisions two different workers undertaking these tasks. The income maintenance worker would determine eligibility, make emergency referrals, and provide information about social assistance benefits. The opportunity planner would work with the recipient to develop a strategic plan which would enable the recipient to eventually leave social assistance. It would include assessment of skills, aptitude and referral to appropriate employment and training programs.

The Committee further recommends that "the level of government delivering social assistance in a given community or area of the province should be responsible and accountable for both the income support and opportunity planning functions" (Recommendation 184). In order to not create any disincentives for the delivery of social assistance, the SARC also recommends that municipalities cost-share the cost of administration, including opportunity planning, whether or not they actually deliver social assistance (Recommendation 199).

Participation in opportunity planning would be mandatory for some recipients and "encouraged" for others. The SARC proposes that there be conditional entitlement of benefits. Therefore, recipients required to participate in opportunity planning but failing to do so could have their benefits stopped (Recommendation 79). Recipients such as the elderly, sole support parents or temporarily unemployable persons would be encouraged to participate, but their benefits would not be jeopardized if they chose not to participate in opportunity planning (Recommendation 78).

AMO Position

Employment services and training programs are important components of enabling people to leave social assistance. The Association supports the direction of the SARC to formalize the opportunity planning process. In AMO Report 87-5, the Association stated that the "new social assistance system must get beyond the current system's fixation with income redistribution and become a source of opportunity, for individual growth, economic advancement and self-sufficiency" (p. 32).

AMO also agrees that benefits should be conditional upon participation in this important process. In AMO Report 87-5, the Association recommended "that the job-ready client group be evaluated against available work for appropriate placement and that individuals who decline suitable work be reviewed for partial or total disentitlement" (Recommendation 3:4). The Association does recognize that some clients, such as sole support parents, may have justifiable reasons for declining suitable paid employment and their benefits should not be penalized.

It is debatable whether the income maintenance and opportunity planning functions must be carried out by two different workers. The Association would disagree with the SARC's recommendation that these functions must be carried out separately. Some municipalities find their employees are able to carry out both functions, whereas others prefer to separate the functions. The decision would certainly be influenced by local circumstances, such as the composition of the caseload and the number of employment support programs available in the community. The Association would therefore recommend that the decision as to how to organize local administration of social assistance be left to the discretion of the level of government delivering social assistance.

Recommendation 5

The Association strongly recommends that the decision of how to organize the administration of social assistance and opportunity planning be left to the discretion of the level of government delivering social assistance.

The Association is also concerned about the costs of opportunity planning. Some municipalities may already offer this type of service, others may not. AMO recognizes that opportunity planning will create some benefits in the long run by enabling people to leave social assistance and enter the work force. However, the SARC report provides little analysis of what the financial implications of such a move would be. The Association is also concerned that the initial start-up costs for municipalities which do not currently offer opportunity planning may prove onerous. The Association would ask that the provincial government make funds available to assist in implementation of a mandatory opportunity planning function.

Recommendation 6

Given that municipalities will face significant costs in order to implement the opportunity planning requirement recommended by the SARC, the Association recommends that the provincial government provide financial assistance for the implementation of opportunity planning.

RATES

SARC Findings

The SARC determined that present allowance levels are insufficient to meet the basic and fundamental needs of welfare recipients. A major thrust of the SARC report is to steadily increase rates for all recipients to "adequate" levels. The SARC recommends that a market basket approach be used to achieve a level of "frugal comfort" for all recipients (Recommendations 48-53, 58-61). Many needs are currently provided only on a discretionary basis, which the SARC believes should be provided "as of right." The Committee finds that "the existing distinction between mandatory and non-mandatory benefits created unacceptable disparities in the benefits received by recipients in similar circumstances" (SARC Summary, p. 32).

The Committee further finds the present treatment of shelter costs "incomprehensible" and believes that "shelter subsidies should be redesigned to allow the shelter expenses of recipients to be reimbursed fully up to an established ceiling based upon average costs within the community in which the recipient lives" (SARC Summary, p. 31). In a related reform, the SARC states that there will always be a need for emergency shelters, which act as a form of specialized supportive housing. The Committee recommends that:

> Municipalities should be required to ensure that emergency shelter is available within their community. (Recommendation 245).

The SARC recommends further that funding for the provincial Rent Supplement Program be increased significantly (Recommendation 240).

AMO Position

The Association has regularly promoted changes to the social assistance program which would bring benefits levels closer to meeting the living requirements of claimants. In Report 87-5 AMO proposed a number of recommendations which are in line with the general thrust of the SARC recommendations outlined above. The Association believes that allowance levels should use a "basket of goods" approach which should met the basic requirements of recipients. The system should also recognize regional variations in the cost of living. The Association also recognizes that "current shelter subsidies which are supposed to address a shortfall in the basic allowance are inadequate and erode the basic allowance" (AMO Report 87-5, p. 16).

Recommendation 7

The Association reiterates its position that allowance levels should meet the basic requirements, including shelter, of social assistance recipients and should recognize regional variations in the cost of living.

The Rent Supplement Program is a provincial program which pays landlords a negotiated subsidy per unit for rent-geared-to-income units. Increased funding for the Rent Supplement Program would be supported by AMO.

Recommendation 8

The Association recommends that funding for the Rent Supplement Program be increased.

Currently, emergency shelters are provided in municipalities as a discretionary community-based program. In principle, AMO does not support making permissive community programs mandatory. If the province implements the other SARC recommendations which address the housing issue, the demand for emergency shelters may not be as acute. The Association would prefer that the provision of this service remain at the discretion of the local municipality in accordance with local conditions.

Recommendation 9

The Association recommends that emergency shelters be left as a community-based program to be provided at the discretion of the individual municipality in accordance with local circumstances.

COST-SHARING ARRANGEMENTS

SARC Findings

Programs provided through GWA and FBA are cost-shared with the federal government through the Canada Assistance Plan (CAP). Provincial administration of the FBA program is cost-shared 50/50 between the province and the Federal Government. Allowances and

benefits under the GWA program are cost-shared 80/20 between the province and municipalities. The Federal government in turn reimburses the province for 50% of total GWA expenditures. Therefore, the net provincial contribution to GWA allowances and benefits is 30 per cent.

Administration of the GWA program is cost-shared differently, however. Current, GWA administration costs (as defined under the CAP) are shared 50/50 between the Federal Government and municipalities. The province sets the budget ceiling for delivery costs and approves specific items for subsidy. Municipalities must pay 100% of non-shareable CAP administrative items, which include office supplies, accommodation, telephone, financing costs and legal fees.

The Committee made a number of significant recommendations regarding the funding of social assistance. It stated that current funding arrangements "create disincentives to effective administration of the program and actually act as incentives to keep people dependent upon assistance, rather than helping them to become self-reliant again" (p. 72). Since social assistance is a mandatory program which requires benefits to be paid when a need exists, the SARC felt that "social assistance is too volatile a program to depend on the relatively small tax base of many municipalities...the social assistance income program [is] the least appropriate of all social programs to depend for part of its funding on the municipal property tax" (SARC Summary, p. 77). In order to address these programs and to ensure consistent service across the province, the SARC stated that:

> The full financial responsibility for social assistance allowances and benefits should rest with the senior levels of government. (Recommendation 197)

In order to avoid any disincentives for municipal delivery of social assistance, the SARC recommended that municipalities should contribute to the cost of administration, whether they deliver the program or not (Recommendation 199).

The SARC made several recommendations to be implemented in the short term with regard to persons with disabilities, such as full provincial funding for Supplementary Aid to disabled persons (Recommendation 201) and 80% provincial funding for Special Assistance for GWA clients, at least for items which become mandatory (Recommendation 202). It also recommended that delivery of both income support and opportunity planning to persons with disabilities should be a provincial responsibility in the short to medium term (Recommendation 186). The Committee also recommended that a provincial share for administration costs be introduced (Recommendation 203).

The Committee recognizes that there could be changes in financial contributions if its recommendations are implemented. It therefore makes the following recommendation:

> Appropriate adjustments should be made in provincial-municipal cost-sharing arrangements to ensure that there is no major windfall to local governments from changes in cost-sharing of social assistance allowances and benefits. (Recommendation 198).

AMO Position

AMO agrees with the Committee's conclusion that current cost-sharing arrangements create inequities in the delivery of social assistance. Different cost-sharing ratios for essentially the same benefits place municipal administrations in an impossible position. Presently, those who seek to do the greatest good for the greatest number are encouraged to favour FBA recipients because of better cost-sharing (AMO Report 87-5, p. 23). The Association firmly believes that the property tax is not an appropriate funding source for social assistance. The purpose of social assistance is to redistribute income, which is more properly achieved through a more progressive form of taxation, such as the income tax. The Association is encouraged that the SARC has taken a major step forward by recommending that the provincial and federal governments assume full financial responsibility for allowances and benefits.

AMO recommended to the SARC that all costs of an integrated social assistance program, including administration costs, should be fully funded by the federal and provincial governments. It is argued that in order for municipalities to influence the social assistance programs they must deliver, municipalities must "pay to have a say". For years AMO has sought to impress upon the provincial government that municipal costs in this area have consistently increased and arbitrary provincial initiatives have aggravated municipal budgeting. Municipalities have found that the "control" a municipal contribution is meant to ensure is illusive at best. "Municipalities are now convinced that the current municipal financial contributions to income maintenance do not secure an audible voice for local government in provincial decisions concerning social assistance funding arrangements" (AMO Report 87-5, p. 52).

AMO addressed the importance of the provincial-municipal partnership in its Report 88-6, "Pressures on the Partnership: Report to the Provincial Municipal Social Services Review Committee". The Association stated that:

> ...the measurement of the legitimacy of the provincial-municipal partnership should be on grounds other than financing. The delivery of service alone should justify full participatory input, as should the existence of municipal expertise and experience in delivery. AMO views the formal involvement of municipalities in the decision-making processes affecting service delivery, planning and policy as essential and of significant benefit to provincial interests. AMO recommends that municipal input to provincial decision-making in program, policy and rate-setting be formalized in consultation with the municipal sector and AMO, and that such input not be limited by reason of the absence of municipal cost-sharing in core provincial program areas". (p. 25)

AMO supports the SARC recommendation that social assistance allowances and benefits should be the financial responsibility of senior levels of government. The Association further recommends that all program costs, including the cost of administration, are more appropriately funded by sources of revenue available to the provincial and federal

governments, rather than by the municipal property tax base.

Recommendation 10

The Association recommends that the province adopt SARC recommendation 197 which states that social assistance allowances and benefits should be the financial responsibility of the provincial and federal governments. The Association endorses the SARCS's conclusion that social assistance is "the least appropriate of all social programs to depend for part of its funding on the municipal property tax base". The Association further recommends that all program costs, including the cost of administration, be assumed by the provincial and federal governments.

The issue of a municipal "windfall" is of great concern to the Association. It is unclear how such a windfall is to be calculated, given the uncertainty surrounding many of the SARC recommendations. On page 429 of the Transitions report, the Committee notes:

> The municipal contribution will actually increase in some areas. As an example, we have proposed increased municipal expenditures for the administration of social assistance, such as for opportunity planning. In addition, we have recommended that certain related services, such as child care, be mandatory; this change would also raise municipal costs in this area substantially.

The SARC's assumption that municipalities would receive a windfall is disturbing. Rectifying inequitable funding arrangements which currently rely on an inappropriate revenue source, the municipal property tax base, should be viewed as a fundamental step in correcting a current imbalance in the provincial-municipal financial relationship. This does not create a "windfall". It creates a more just system of roles and responsibilities.

AMO reserves judgement as to whether or not municipalities would amass a "windfall" as a result of the SARC recommendations. Calculation of any "windfall" cannot be made in isolation of forthcoming recommendations of the Provincial-Municipal Social Services Review Committee, which is considering this very issue in its deliberations about social services. The parameters of a "windfall" are critical. Should any financial readjustment be measured within the expenditures for social assistance alone or should it take into account all social service expenditures? Perhaps the appropriate measure is the total provincial-municipal transfer payment system. Municipalities may appear to gain a "windfall" if only expenditures on social assistance are calculated, but municipalities may in fact be facing a financial shortfall if total expenditures are taken into account, including recent freezes in unconditional grant payments and shifting of provincial programs onto the property tax base. (This issue is discussed in greater detail in AMO's 1989 Submission to Cabinet, "Salvaging the Partnership". AMO Report 89-5)

The Association requests that municipalities receive fair treatment by removing social assistance from the property tax. AMO is concerned, however, that this burden may merely be replaced by new mandatory provincial programs. The proposal that child care be made mandatory could have serious financial implications. Some municipalities already offer some level of child care, but many do not. Before the province sets out to make a new array of social service programs mandatory, it would be more appropriate to first ensure that existing programs are funded to adequate levels.

Recommendation 11

The Association believes that the creation of a more just system of provincial and municipal roles and responsibilities through rectifying current inequitable cost-sharing arrangements does not constitute a "windfall" to municipalities. The Association recommends that:

- **the province clearly define what is meant by "windfall" and how this "windfall" is to be measured**
- **as a result of the SARC recommendations, municipalities not be faced with a shortfall**
- **the province ensure that existing programs are adequately funded, before making new types of social service programs mandatory.**

On May 17, 1989, the Treasurer of Ontario released the provincial budget for the 1989-90 fiscal year. On May 18, the Minister of Community and Social Services announced a number of measures designed to address certain aspects of the SARC recommendations. Although the Association is pleased to see that the provincial government has taken some positive action with regards to the SARC report, AMO is greatly concerned that the provincial budget process did not include any discussion of municipal cost for social assistance improvements. At the time of publishing this report, the Association has been unable to fully assess the impacts of these developments on its membership.

Recommendation 12

The Association is concerned at the lack of discussion of municipal cost for social assistance improvements in the recent provincial budget.

IMPLEMENTATION

SARC Findings

The proposals put forward by the Social Assistance Review Committee attempt to reform the current social assistance program with a comprehensive and coordinated approach. The Committee has woven a network of recommendations which it feels will better serve social assistance recipients and society as a whole. The recommendations if taken separately do not achieve true reform -- the recommendations work in conjunction with one another.

The Committee proposes that its reforms be implemented in five stages. The Committee believes that incremental reform is more achievable given the complexity of the existing system, rather than undertaking such fundamental reforms all at once. Public acceptance of these reforms is necessary if the SARC is to achieve its objectives.

In Stage One, the Committee proposes that the government take certain immediate steps, such as increasing benefits to adequate levels, improving shelter costs reimbursement and laying the preliminary groundwork for creating an integrated social assistance program. It also includes starting 80% provincial funding of Special Assistance and transferring the responsibility for delivery and funding of Supplementary Aid for the disabled to the province. The Committee estimates the costs of reform in Stage One will be between $380 and $415 million in new federal and provincial expenditures. According to SARC estimates, additional municipal expenditures are expected to be $31 million, resulting largely from cost-sharing of the increased benefit levels.

Stage Two centres on drafting new legislation to create a unified benefit structure and implementation of opportunity planning. The estimated cost is $225 million.

Stage Three involves the implementation of legislation to integrate the benefit structure and implementing the new delivery system proposed by the Committee. The estimated cost of Stage Three is $200 million.

Stage Four would implement income supplementation for the working poor and would achieve full benefit adequacy.

Stage Five would implement the children's benefit and disability income programs. Although the Committee was not able to provide precise costs of these latter stages, it estimates that the total cost of reform for the first four stages would be $2.35 billion. Of this total, $1.05 billion would be for social assistance and $1.3 billion would be for income supplementation.

AMO Position

The successful reform of the social assistance system is dependent upon careful and coordinated implementation of all of the elements addressed by the SARC. The SARC

assembled a carefully designed network of recommendations which, when implemented in concert with other recommendations, will move towards a more equitable and effective social assistance program. For the provincial government to simply select and implement random components of SARC's recommendations would merely be "window dressing", not the substantive reform envisioned by the SARC. This type of approach addresses the political expediency of the moment, rather than any fundamental commitment to significant and necessary welfare reform.

The Association has some essential concerns about how the provincial government will implement the SARC recommendations. The implementation stages recommended by the SARC have a number of consequences for municipalities.

- The province may increase benefit levels by some degree in its 1989-90 budget. Municipalities have already established their budgets for this year. Since municipalities are still bound by current cost-sharing arrangements, municipalities will have to reduce their expenditures in other programs to make up for increased social assistance costs.

- The SARC has stated clearly that the financial responsibility for allowances and benefits should be assumed by senior levels of government. According to the Committee's implementation schedule, this transfer does not take place until Stage Three. The Association has serious concerns that if the SARC recommendations are only implemented in an ad-hoc and incomplete manner, municipalities will be forced to continue under existing cost-sharing arrangements for allowances and benefits which the SARC has identified as being inequitable and inappropriate. Municipalities may be forced to continue cost-sharing allowances and benefits although this financial responsibility has been clearly assigned to other levels of government. Before the province takes steps to significantly increase allowances and benefits, the Association would request that the province acknowledge that allowances and benefits are the financial responsibility of senior levels of government and take immediate action to assume this responsibility.

- The SARC has made a number of recommendations which are to be implemented in the short-term to address current cost-sharing inequities with regard to the disabled. AMO would urge the province to immediately adopt the SARC recommendations calling for the province to assume responsibility for delivery and funding of Supplementary Aid for the disabled and to introduce provincial funding of Special Assistance at 80 per cent.

- A number of the reforms proposed by the SARC is dependent upon negotiations with the federal government. The Association is unsure to what extent these negotiations have proceeded and how willing the federal government is to fund such reforms. There is no opportunity for municipal involvement in these discussions, although the policies which are being decided will have a direct impact on municipalities.

Before proceeding with major welfare reform, as municipal partners in the current delivery of social assistance, the Association would ask that the province address the following AMO recommendations.

Recommendation 13

The Association recommends that the province not implement major increases to allowances and benefit levels before assuming financial responsibility for these costs.

Recommendation 14

The Association recommends that the provincial government make appropriate short-term cost-sharing readjustments, such as providing full provincial funding for Supplementary Aid to disabled persons (SARC Recommendation 201) and providing 80% provincial funding for Special Assistance for General Welfare Assistance Clients (SARC Recommendation 202).

CONCLUSIONS

The SARC report represents a commendable effort to re-consider the current system of social assistance in Ontario and to develop recommendations for its comprehensive reform. The current two-tier system costs over $2 billion to operate. It is clearly a system which is unnecessarily complex, cumbersome and inequitable. For this level of investment, the system should certainly be restructured so that it better achieves the SARC's objective of encouraging individuals to make the transition from dependence to autonomy.

The provincial government has made numerous public statements recently that health care is a financial priority for the province. Implementation of the SARC recommendations would have a significant impact on the health of social assistance recipients. The SARC notes that "the link between poverty and ill health has been well established". The Committee goes on to note that:

> ...poverty is not so much the cause of ill health as its catalyst... we believe that many of the ideas and recommendations we advance in this report should be seen as health recommendations. Implementation of our proposals with respect to the adequacy of social assistance benefits, new income security programs, housing, employment, and other opportunities for self-reliance will also improve the health of the poor. (Transitions Report, p. 99)

Given the province's stated commitment to health care, the Association would hope that the province recognizes that full implementation of the SARC recommendations is supportive and compatible with its health care commitment.

The Association finds it difficult, however, to fully assess or endorse the report without having a clearer understanding of how the proposed SARC reforms will be funded. Certain recommendations regarding cost-sharing arrangements have been referred to the Provincial-Municipal Social Services Review Committee, for their deliberations. However, the Province seems determined to take some action with regard to the SARC report before the PMSSR has been able to formulate any solutions.

Recently, municipalities have been faced with a number of provincial programs which they will be expected to fund. The freeze in unconditional grant transfers and roads assistance, transfer of court security and the upcoming Municipal Industrial Strategy for Abatement are just a few examples. (For further discussion, see AMO's 1989 Submission to Cabinet, "Salvaging the Partnership", AMO Report 89-5.) With the recent uncertainty surrounding provincial-municipal financial relations, the Association's concern regarding the financing of the SARC reforms is even more acute. The Association is encouraged to see that the SARC recognized that the municipal property tax base is an inappropriate funding mechanism for social assistance. However, the Association is concerned that the province does not yet seem to acknowledge that fact.

The voluminous Transitions report does not answer many fundamental questions regarding the financing of the SARC reforms, which are discussed in this paper. Until basic roles and responsibilities between the province and municipalities are sorted out, many of the SARC recommendations cannot be implemented.

SUMMARY OF AMO RECOMMENDATIONS

Recommendation 1

The Association recommends that cost-sharing arrangements and funding for the SARC reforms be clarified before any major SARC reform is undertaken.

Recommendation 2

The Association reiterates its recommendation that the General Welfare Assistance Act and the Family Benefits Act be replaced with a single piece of legislation.

Recommendation 3

The Association recommends that definition of the essential elements of social assistance and criteria for municipal delivery of social assistance be developed through a joint provincial-municipal consultation process.

Recommendation 4

The Association supports the recommendations of the SARC to simplify the classification structure which determines eligibility for social assistance.

Recommendation 5

The Association recommends that the decision of how to organize the administration of social assistance and opportunity planning be left to the discretion of the level of government delivering social assistance.

Recommendation 6

Given that municipalities will face significant costs in order to implement the opportunity planning requirement recommended by the SARC, the Association recommends that the provincial government provide financial assistance for the implementation of opportunity planning.

Recommendation 7

The Association reiterates its position that allowance levels should meet the basic requirements of social assistance recipients and should recognize regional variations in the cost of living.

Recommendation 8

The Association recommends that funding for the Rent Supplement Program be increased.

Recommendation 9

The Association recommends that emergency shelters be left as a community-based program to be provided at the discretion of the individual municipality in accordance with local circumstances.

Recommendation 10

The Association recommends that the province adopt SARC recommendation 197 which states that social assistance allowances and benefits should be the financial responsibility of the provincial and federal governments. The Association endorses the SARC's conclusions that social assistance is "the least appropriate of all social programs to depend for part of its funding on the municipal property tax base". The Association further recommends that all program costs, including the cost of administration, be assumed by the provincial and federal governments.

Recommendation 11

The Association believes that the creation of a more just system of provincial and municipal roles and responsibilities through rectifying current inequitable cost-sharing arrangements does not constitute a "windfall" to municipalities. The Association recommends that:

- *the province clearly define what is meant by "windfall" and how this "windfall" is to be measured*
- *as a result of the SARC recommendations, municipalities not be faced with a shortfall*
- *the province ensure that existing programs are adequately funded, before making new types of social service programs mandatory.*

Recommendation 12

The Association is concerned at the lack of discussion of municipal cost for social assistance improvements in the recent provincial budget.

Recommendation 13

The Association recommends that the province not implement major increases to allowances and benefit levels before assuming financial responsibility for these costs.

Recommendation 14

The Association recommends that the provincial government make appropriate short-term cost-sharing readjustments, such as providing full provincial funding for Supplementary Aid to disabled persons (SARC Recommendation 201) and providing 80% provincial funding for Special Assistance for General Welfare Assistance Clients (SARC Recommendation 202).

APPENDIX A

SUMMARY OF SARC RECOMMENDATIONS REFERRED TO IN THIS REPORT

INTEGRATION OF SOCIAL ASSISTANCE

1. The Family Benefits Act and the General Welfare Assistance Act should be merged into one piece of legislation, with one benefit structure that covers all social assistance recipients.

9. In the short to medium term, the number of social assistance categories should be reduced to three: a) handicapped persons; b) people in need who must respond to an offer of opportunity planning; c) people in need who are encouraged but not required to respond to an offer of opportunity planning.

182. The province should assume full responsibility for defining the essential elements of the social assistance program, establishing standards of delivery, and ensuring that those standards are met.

183. The present two-tier delivery structure, which distinguishes between short-term and long-term need on the basis of categories of eligibility, should be abolished.

185. The provincial government should deliver the new social assistance program where necessary to achieve the objectives established for the program. The province should delegate to local government the responsibility to deliver the social assistance program where at least the following conditions are met:
   - o acceptance of all elements of the new social assistance program;
   - o commitment to developing an annual service plan, with measurable goals and objectives, for review by the province;
   - o a municipal structure of viable size, including full-time professional administration of the social assistance program;
   - o agreement to abide by the provisions of the French Language Services Act;
   - o demonstrated capabilities in administration, human resources management, financial management, technological systems, and planning and co-ordination; and
   - o a proven capacity to work with other government and private agencies delivering social and employment support services in the community, and with the community at large.

ELIGIBILITY

10. A new definition - "handicapped person" - should replace the current definitions of permanent unemployability and disability. The new definition should endorse the concept that a handicapped person is one who is handicapped as a result of an impairment and a disability (as defined by the World Health Organization) for a prolonged period of time.

OPPORTUNITY PLANNING

184. The level of government delivering social assistance in a given community or area of the province should be responsible and accountable for both the income support and opportunity planning functions.

71. Income support and opportunity planning should be instituted as separate but complementary forms of assistance that are integral to a restructured social assistance system.

72. Opportunity planning should be a required part of a restructured social assistance system.

73. Income support and opportunity planning, being related but separate functions, should be performed by different persons.

74. Consideration should be given to using existing multi-service or other community-based groups as "opportunity centres" to deliver the opportunity planning program.

75. Existing programs with specialized experience in helping recipients with specific needs should, where feasible, be given the option of service as delivery agents for opportunity planning.

76. Opportunity planning for recipients with disabilities should be delivered through the Vocational Rehabilitation Services program (VRS), with a formal linkage established between VRS and the social assistance system.

77. Entitlement to benefits for recipients who are disabled, sole-support parents, elderly, or temporarily unemployable should not be subject to conditions, but these recipients should have access to and be encouraged to participate in the opportunity planning process.

78. Recipients other than those who are disabled, sole-support parents, elderly, or temporarily unemployable should be required to participate in opportunity planning as a condition of receiving full social assistance benefits.

80. The obligation to participate in opportunity planning should be conditional upon the formal offer of the assistance of an opportunity planner and must be accompanied by measures to protect the rights of recipients.

RATES

48. The market basket approach should be used as the measure of adequacy for all items except shelter. Such an approach should incorporate reference to expert opinion and actual expenditure patterns.

49. The rate-setting process should be established in legislation, along with a requirement for legislative review of proposed changes. The legislation should require, at a minimum, yearly indexation of rates of the basis of the CPI. The statute should require a review of the market basket definition and existing rates every five years by an external committee that reports to a standing committee of the legislature.

50. The existing varying reimbursement "zones" should be abolished and actual shelter costs should be paid up to a ceiling. Shelter costs should include the full cost of hydro and fuel, and when the actual cost of home heating fuel or hydro exceeds the ceiling, these costs should continue to be reimbursed at 100%.

51. The actual average cost of shelter should be established as the shelter reimbursement ceiling. Such costs should be determined by reference to the CMHC Rental Survey.

52. To deal with regional variations, a core standard should be set for all of Ontario, with a second-tier subsidy for regions with higher costs.

53. As a beginning step, recipients should receive 100% of actual costs, up to a ceiling at the upper end of the range of the current shelter subsidy.

58. The comfort allowance should be renamed the personal needs allowance, to reflect its intended purpose.

59. The personal needs allowance should immediately be made uniform with the higher amount that aged people now receive, and should be paid at this level to all who are eligible for it. Clear guidelines should be established regarding what the personal needs allowance is intended to cover. It should not be used to pay for basic needs, which ought to be covered through the funding of the institution itself.

61. A "frugal comfort" approach should be taken to basic needs that includes recognition of the need to reduce stigma and enables recipients to integrate into the community, achieve self-reliance, and exercise choice.

245. Municipalities should be required to ensure that emergency shelter is available within their communities.

240. The Canada Mortgage and Housing Corporation and the Ministry of Housing should significantly increase funding for the provincial Rent Supplement Program.

COST-SHARING ARRANGEMENTS

186. The delivery of both income support and opportunity planning to persons with disabilities should be a provincial responsibility in the short to medium term.

197. The full financial responsibility for social assistance allowances and benefits should rest with the senior levels of government.

198. Appropriate adjustments should be made in provincial-municipal cost-sharing arrangements to ensure that there is no major windfall to local governments from changes in cost-sharing of social assistance allowances and benefits.

199. Municipalities should contribute to the cost of administration, including opportunity planning. Such a contribution should be made whether or not the municipality delivers social assistance.

200. The Provincial-Municipal Social Services Review Committee should complete its work, using the funding recommendations in this report as a guide. It should develop a specific proposal for sharing administrative costs that takes into account differing municipal abilities to pay and avoids disincentives to taking on delivery responsibility.

201. In the short term, full funding of Supplementary Aid to persons with disabilities should become a provincial responsibility.

202. In the short term, 80% of the cost of Special Assistance for GWA clients should be funded by the provincial government, at least for those items that become mandatory.

203. In the short term, consideration should be given to reducing the municipal share of administration costs for social assistance by introducing a provincial share, provided that this does not interfere with longer-term cost-sharing arrangements.

APPENDIX B

MINORITY REPORT

COUNTY AND REGIONAL SECTION

* Revise Recommendation 10 to read:

  The County and Regional Executive Committee recommends that the province adopt SARC recommendation 197 which states that social assistance allowances and benefits should be the financial responsibility of the provincial and federal governments. The Executive Committee endorses the SARC's conclusions that social assistance is "the least appropriate of all social programs to depend for part of its funding on the municipal property tax base". The County and Regional Executive Committee further recommends that if a municipality elects to deliver income maintenance, the cost of administration should be shared in some proportion between the province and that municipality.

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